

**SOUTH CAROLINA  
BOARD OF FINANCIAL INSTITUTIONS**

**COLUMBIA, SOUTH CAROLINA**

**STATE AUDITOR'S REPORT**

**JUNE 30, 2019**



## Independent Accountant's Report on Applying Agreed-Upon Procedures

May 21, 2020

The Honorable Curtis M. Loftis Jr., Chairman  
South Carolina Board of Financial Institutions  
Columbia, South Carolina

We have performed the procedures described in Attachment 1, which were agreed to by the management of the South Carolina Board of Financial Institutions (the Board), on the systems, processes and behaviors related to financial activity of the Board for the fiscal year ended June 30, 2019. The Board's management is responsible for the systems, processes and behaviors related to financial activity. The sufficiency of these procedures is solely the responsibility of the specified parties in this report. Consequently, we make no representation regarding the sufficiency of the procedures described in Attachment 1 either for the purpose for which the agreed-upon procedures report has been requested or for any other purpose.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be an opinion or conclusion, respectively, on the systems, processes and behaviors related to financial activity of the Board. Accordingly, we do not express an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The concept of materiality does not apply to findings to be reported in an agreed-upon procedures engagement. Therefore, all findings from the application of the agreed-upon procedures must be reported unless the definition of materiality is agreed to by the specified parties. Management of the Board has agreed that the following deficiencies will not be included in the State Auditor's Report on Applying Agreed-Upon Procedures:

- Errors of less than \$1,000 related to cash receipts and non-payroll cash disbursements transactions.
- Errors of less than \$5,000 related to reporting packages.

This report is intended solely for the information and use of the Board and management of the South Carolina Board of Financial Institutions and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

George L. Kennedy, III, CPA  
State Auditor

**South Carolina Office of the State Auditor**  
**Agreed - Upon Procedures Related to the South Carolina Board of Financial Institutions (R23)**

**Cash Receipts/Revenues**

1. Haphazardly select ten cash receipts transactions and inspect supporting documentation to:
  - Ensure supporting documentation for transaction agrees with the general ledger as to amount, date, payor, document number, and account classification.
  - Determine that revenues/receipts were deposited in a timely manner, in accordance with Proviso 117.1 of the fiscal year 2019 Appropriation Act.
  - Ensure that both revenue collections and amounts charged are properly authorized by law.
  - Determine that receipts are recorded in the proper fiscal year.

We found no exceptions as a result of the procedure.

**Cash Disbursements/Non-Payroll Expenditures**

2. Compare current year non-payroll expenditures at the fund and account level to those of the prior year. Obtain from management an understanding of variations for the Contractual Services (502) general ledger account series in the Earmarked Funds.
3. Haphazardly select fifteen non-payroll disbursements and inspect supporting documentation to determine:
  - The transaction is properly completed as required by Board procedures; invoice(s) agree(s) with general ledger as to vendor, amount, number, and date.
  - All supporting documents and approvals required by Board procedures are present and agree with the invoice.
  - The transaction is a bona fide expenditure of the Board.
  - The transaction is properly classified in the general ledger.
  - Disbursement complied with applicable State laws, rules, and regulations including the State Consolidated Procurement Code, state travel regulations etc.
  - Disbursements are recorded in the proper fiscal year.
  - Clerical accuracy / confirm proper sales/use tax.
4. Haphazardly select five purchasing card transactions from the Office of the State Comptroller General's (CG) listing of purchasing card transactions for fiscal year 2019 and inspect supporting documentation to determine:
  - The cardholder is an authorized user and individual credit limits have been properly approved in accordance with Board policies.
  - The purchase is authorized based on the cardholder's job title/position.
  - The monthly purchase summary was submitted along with applicable receipts and signed by both the supervisor and cardholder.
  - The purchase did not exceed the single transaction limit or the individual credit limit and there was no indication of transaction splitting.

We found no exceptions as a result of the procedures.

**Payroll**

5. Compare the percentage change in personal service expenditures between the current year and prior year to the percentage change in employer contributions expenditures between the current year and prior year. Obtain an explanation of changes greater than 10% when the proportion of employer contribution to personal service expenditures also varies at a rate greater than 5% between fiscal years.

## **Payroll (Continued)**

6. Haphazardly select five employees who terminated employment during the fiscal year to determine if they were removed from the payroll in accordance with the Board's policies and procedures, that the employee's last paycheck was properly calculated and that the employee's leave payout was properly calculated in accordance with applicable State law.
7. Haphazardly select five employees hired during the fiscal year to determine if they were added to the payroll in accordance with the Board's policies and procedures and that their first paycheck was properly calculated in accordance with applicable State law.
8. Select all (two) bonus pay disbursements to determine:
  - The employee does not make more than \$100,000 annually.
  - The bonuses received during the year did not exceed \$3,000.
  - The payment amount agreed to supporting documentation and the bonus was given for a proper reason in accordance with Board policy.
  - The bonus pay was approved by the appropriate supervisor.

We found no exceptions as a result of the procedures.

## **Journal Entries and Transfers**

9. Haphazardly select five journal entries for the fiscal year to:
  - Trace postings to the general ledger, confirming amounts agree with supporting documentation.
  - Confirm transaction is properly approved.
  - Inspect supporting documentation to confirm the purpose of the transaction.

We found no exceptions as a result of the procedure.

## **Reporting Packages**

10. Obtain copies of fiscal year end reporting packages submitted to the CG. Inspect the Master Reporting Package Checklist to determine the appropriate reporting packages were submitted by the due date established by the CG's Reporting Policies and Procedures Manual.
11. In addition to the procedure above, perform the following:
  - Operating Leases Reporting Package

Confirm that the Board submitted copies of all leases to the CG in accordance with the CG's Reporting Package Instructions.
  - Subsequent Events Questionnaire

Determine if responses are reasonable/accurate and any required supplemental information was properly prepared and submitted based on inspection of the South Carolina Enterprise Information System general ledger and/or Board prepared records.

We found no exceptions as a result of the procedures.

## **Appropriation Act / Agency-Specific Provisos**

12. Confirm that the Board submitted to the State Human Affairs Commission employment and filled vacancy data by race and sex by October thirty-first of the fiscal year in accordance with Proviso 117.13 of the fiscal year 2019 Appropriation Act.

**Appropriation Act / Agency-Specific Provisos (Continued)**

13. Confirm that an inventory of Board property, excluding expendables, was completed during the fiscal year as required by South Carolina Code of Laws Section 10-1-140.
14. Confirm compliance with the (one) agency-specific state proviso by inquiring with management and observing supporting documentation, where applicable.

We found no exceptions as a result of the procedures.

**Status of Prior Finding**

15. Through inquiry and inspection, determine if the Board has taken appropriate corrective action on the finding reported during the engagement for the prior fiscal year.

We found no exceptions as a result of the procedure.